

WISCONSIN WOOD

MARKETING BULLETIN



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WOOD MARKETING BULLETIN

The Wisconsin DNR publishes the "Wisconsin Wood" marketing bulletin every three months. It serves the timber producing and wood using industries of Wisconsin by listing items: For sale - forest products, equipment and services, wanted - forest products, equipment and services; employment opportunities. There is no charge for the Bulletin or inserting items in it. Only items deemed appropriate to the timber producing and wood processing industries will be listed. Also the Bulletin will feature forest products utilization and marketing news, safety notes, coming events, new literature, tips to the industry, and listing or employment wanted or positions that are available.

If you know of someone who would like to be on the Bulletin mailing list, please ask them to send their name, address and zip code to the return address on the back page. Also, if you have items to list, send in the form or write a letter to the return address on the back page. Repeat listing of items requires a written request each time the item is to be repeated.

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HARDWOOD INDUSTRY – WHAT WILL TOMORROW BRING? Pulling Together for a Stronger Future

By Dr. Ed Brindley, President – Industrial Reporting, Inc.

For years I have heard members of the hardwood industry say that no product is any more beautiful and versatile than wood. But there has been very little collaboration within the numerous facets of the lumber industry, either hardwoods or softwoods. The lumber industry is composed of thousands of companies with varying interests and needs that all rely upon our forest resources for their livelihoods. These companies have very limited collaboration. On the one hand they know they depend upon each other

for mutual success, but they also can compete vigorously for timber supply.

Globalization, competitive market pressures and emerging business opportunities has led many to realize that the time to pull together for the common good is now. Seizing on this momentum, George Barrett, owner of Hardwood Publishing Company in Charlotte, North Carolina, and his staff began working early in 2010 to bring together leaders from the hardwood industry into a single forum to examine mutual interests.

Seventy-seven hardwood industry leaders met in Charlotte, North Carolina on August 10-11 to identify a common vision for the future of the industry and identify the most pressing barriers and challenges to achieving this vision. Called the Hardwood Leaders Forum, participants represented 25 different segments of the hardwood industry, including landowners, sawmill, secondary users, such as the pallet industry. People came from 24 different states.

Participants were charged with setting aside past and current differences while they focused on common challenges to be addressed in order to strengthen all or most segments of the hardwood industry. Through pre-forum surveys and on-site deliberations, participants agreed on a vision for the U.S. hardwood industry in 2020. They identified the 21 most significant barriers to achieving the vision.

The forum representatives agreed upon the following vision. By 2020, they hope three things will happen:

- . American hardwoods will be known, valued, desired, and selected by the global customer for their full breadth of environmental and consumer benefits.
- . The global public will have a positive perception of the American hardwood industry and American hardwood forest management.
- . American hardwood industries will be unified, profitable, sustainable and growing.

Participants identified 282 unique barriers and challenges to achieving a stronger hardwood industry. Twenty-one barriers and challenges received votes at the end of the forum. Five of these received by far the most votes, ranging from 28.1% to 6.3% of participants. The other 16 vote getters at the end got from eight votes (3.6%) down to one vote.

By far the two biggest vote getting challenges relate to communication. The top challenge hardwoods face is "American hardwoods lack brand identity in the marketplace" (28.1%). The second largest is "the public believes cutting trees is bad" (24.9%). Many in our industry agree that no matter how good we are as stewards of the land, we have fallen short when it comes to communicating our efforts to others.

The third challenge they identified (14.9%) was "There is an absence of cooperation and collaboration between hardwood industry members (from landowners through secondary manufacturers) to address major challenges, provide a unified voice, raise funds, and provide effective leadership."

Communication between industry leaders is essential to establish the kind of cooperation and collaboration they identified. As a publisher in the forest products industry, we hope to be able to work closer with others more and more with each passing year.

While not everybody can be knowledgeable about other avenues of the forest products industry, more communication is needed for us to share our common beliefs and needs. We need to build on common ground to protect both shared interests and selected market segments.

It is important that strong trade associations, adequately represent different arms within the hardwood industry. But we should not work in relative isolation. Out of omission or commission, some groups within the hardwood industry have worked competitively against each other.

The time has come for us to address common challenges.

The fourth challenge they identified was the high cost of doing business that makes U.S. hardwood less competitive. The fifth challenge, related to the fourth, is that the hardwood industry lacks the resources to get its message out consistently and to campaign against anti-industry, environmental messages. The very competitive nature of our industry, due to its fragmented entrepreneurial nature, makes raising funds particularly difficult.

It is noteworthy that the five largest priority barriers align closely with the three-part vision for the industry's future. Challenges #1 and #5 relate to achieving better promotion of hardwoods and hardwood products. Challenge #2 relates to public perception concerning the hardwood industry and the environmental values of our products when compared to competing options.

The public's perception of the forest products industry, in particular logging and silviculture, is totally incorrect. I can recall the first time that I heard Dr. Patrick Moore speak. Some readers may recall that we carried some of his columns and remarks a number of years ago when he first became known in the forest products industry. While he was one of the founders of Green Peace, he grew to realize that the forest products industry is a good steward of our forests. Dr. Moore once told me that he believes the forest products industry is the closest thing in our society to "true environmentalists." He learned that we take care of the forests. After all, both our current livelihood and our future depend upon how well we manage the nature under our control. A well-managed forest benefits all of society, including nature itself. We need to do a better job of telling this story if we want the public to support wooden products. No matter how well intentioned we are, it takes money to make things happen.

Making the Vision Come True

The unanimous endorsement of the vision, goals, and priority ranking of challenges showed that the forum accomplished its dual objectives of uniting attendees around a common vision for the future and identifying and prioritizing challenges to achieve that vision.

Additional progress in other areas was registered as well. The industry's lack of cooperation and collaboration was a recurring theme. For those in attendance, great strides were reported towards

understanding others' businesses and issues. The concept of the "American hardwood industry" expanded for attendees. It seems they left the recent forum with a new sense of unity. The times have changed. People are more receptive to working together to tackle common problems than we once were.

The future of the wooden pallet and hardwood industries are intertwined. We have to pull various aspects of the forest products industry together when appropriate to reach common goals. Our whole industry should focus on being professional and exerting cooperative efforts to properly use our timber resources in the greatest basket of varied products that any industry has to serve societies worldwide.

Now that issues have been identified and groundwork for solutions has been laid, leaders are planning a second forum in Charlotte on December 7. This "solutions" forum has a four-fold objective:

- . Bring together industry members and practitioners who can help the industry achieve its vision (including academia, trade associations, legislators, bankers, NGOs, and federal and state agency representatives).
- . Identify short and long-term goals to achieve the vision (beyond the broad goals ratified at the first forum).
- . Identify strategies and actions (programs, funding mechanisms, coalitions, etc.) for goal attainment.
- . Establish task groups and identify leadership to follow through on next steps.

What will happen after this second forum? Some form of action steps will need to be taken if any real solution to our problems is found. We will follow this initial article with a follow-up after the next meeting and strive to keep you informed about action steps that are taken by the hardwood industry down the road.

Anyone who would like more information about this hardwood industry effort, please contact Dan Meyer at Hardwood Publishing at (800) 638-7206 or dan@hardwoodreview.com. Source: *Pallet Enterprise*, October 2010

THE FLIP SIDE OF CHINA'S

GROWTH China is now the second largest producer and consumer of paper and board after the USA. Its recent expansion and investment in new mills and equipment is unmatched anywhere else in the world. On the whole this is a

good thing for our industry, but there are consequences we should be aware of. Wherever you look there is a China story in every industrial sector. With 1.3 billion consumers to feed, China welcomes every piece of high-tech equipment and service the West can offer.

The forest products sector has been doing successful business with China for nearly 20 years. China produces just over 50 million tpy of paper and board, but consumes 56 million tpy. The country's current Five-Year Plan (2006-2011) aims to push production to 60 million tpy driven by the construction of 25 new mills.

Unlike western conventional business models, however, China is a Communist republic run by 300 officials, with an army that has become the largest business unit in the country. The plans are ambitious and credible, but the majority of the population has a per capita consumption of 42 kgs a year – in the U.S. it is 200 kgs.

The Flip Side

Where I think the Chinese pulp and paper industry has problems is in its race for development and in the incentives it offers to foreign investors. The list includes:

Fiber Supplies. Despite its size and the massive programs of re- and afforestation of the last 12 years (\$1.7 billion per year until 2015), the industry has a wood deficit – there are not enough trees being grown fast enough to fuel the new mills and those that are planned. Even with fast-growing species, plantations are slow and complex operations.

The cost of growing wood in China is much higher than in competitor countries, such as Brazil and Indonesia, which reduces the incentive for private-sector investment. There is concern that in some parts of China pulp mills are being planned before securing a sustainable supply of fiber. This rapid expansion is partially driven by state subsidies.

Pulp Imports. The demand for wood pulp is being met by imports, mostly from neighboring countries, some of which have limited control and governance over their forests. But in the last five years China has gone a bit further and now sources its pulp from Canada (26.7%), Indonesia, (18.2%), Russia, (12.9%), Chile (10.3%) and U.S. (9.5%).

But it is never enough. So once a year China will surge into the pulp market and buy millions of tonnes in one deal, which distorts pulp prices for a few months. This purchasing habit acts as an inflation spike for the rest of the industry, which has to buy its pulp on the spot market.

The same thing happens when China moves into the wastepaper market. Two years ago, I heard a Chinese delegate say, "We are not interested in the price of pulp, only the lowest."

Illegal Logging. This is a familiar topic to readers of this magazine. It was the amendment, in 2008, to the USA's Lacey Act that gave muscle to the global push for governance of this trade. China has made immense progress in curbing and punishing its main suppliers of illegally harvested wood. I am convinced of the Chinese government's genuine determination to clean up its act, but it has little control over private operators in foreign countries.

In the New Yorker magazine of October 6, 2008, an investigative reporter spent a month with the Environmental Investigative Agency (EIA) in northern Manchuria, along the Russian-Chinese border. The 10-page report is a horror story of criminality, violence and illegal logging. It reinforces the view that at this level and in remote places government regulations and sanctions are unenforceable.

Foreign Investment. This is welcomed for pulp and paper projects but on a joint venture basis. As far back as 2004, foreign papermakers accounted for 29% of the \$24 billion the Chinese paper industry generated in sales revenues.

At central government level the regulatory system is complicated. As provincial level things move faster, and that can be a problem. It means that central and provincial authorities often pass bills and make judgments that contradict one another. In 2005, Oji Paper of Japan had obtained permission from the provincial government but was told the central government would have to sign off its plan for a pulp and paper mill in Nantong. It delayed the project and cost more.

So my advice if you're investing in China: Buyer Beware.

By David Price a contributing writer for PaperAge. He can be reached by email at DPrice1439@aol.com.

Source: *PaperAge*, September/October 2010

AHEC LAUNCHES A FRESH APPROACH TO EXHIBITION STAND DESIGN AT INTERMOB

This year's Intermob Show in Istanbul saw the launch of AHEC's new modular exhibition stand – a set of high quality sail-shaped joinery pieces in American ash

which can be used across AHEC's busy exhibition calendar in any combination, to suit stand space and shape. Silverwood Exhibitions developed the new stand concept which will be used for Ecobuild, Interzum and Timber Expo in 2011.

For David Venables, European Director for AHEC, this new approach to stand design and manufacture marks a further step in the organization's review of its environmental impacts. "Trade Shows are, by their nature, very wasteful. Traditional painted chipboard or MDF structures are difficult to dismantle and reuse and it is therefore often most cost effective to discard the structure and develop a new one each time. AHEC has addressed this issue of waste with a series of re-usable, adaptable, durable and simple but high quality joinery pieces which can be used again and again for all sorts of stand shapes and sizes. This new approach looks great, it costs less in the long term, it's much easier to take down and transport and it reduces environmental impact."

The sail-shaped American ash pieces, in different sizes, provide display space for simple visuals and copy panels which can themselves be easily adapted and changed. The layout of the pieces provides the individual smaller spaces for meetings and quiet time, while creating the sense of an attractive and open stand. As well as running the information stand at Intermob, AHEC hosted a seminar, attended by over 70 Turkish importers, agents and manufacturers. The session included presentations from Scott Bowe on the US hardwood industry, Bob Sabistina on timber grading and Ekkehart Hoppe, consultant to the Hardwood Veneer Association, on the intricacies of grading veneer.

Demand for American hardwoods in Turkey is growing with the expansion of the country's furniture, flooring and interiors market sectors. In the first eight months of 2010 the total hardwood log, lumber, flooring and veneers export value reached 7.2 million US dollars compared with 3.7 million US dollars in the same months of 2009. This highlights the remarkable recovery of the Turkish economy from the global recession. Since 2005, the value has increased by over 150%, and the growing construction and manufacturing industries suggest the immediate outlook for U.S. hardwood in the Turkish market is very good.

By Scott Bowe, US – Madison

Source: *The Log*, December 2010/ January 2011

HARDWOOD BRANDING

Support for Unified Hardwood Promotion gains support from over 100 flooring industry leaders as Hardwood Branding takes shape.

Declaring an immediate and unprecedented need for a good scale effort never attempted in the hardwood industry, flooring companies joined hardwood lumber leaders in pushing through an "Open Declaration" letter for the industry to come together to aggressively promote American hardwood products.

Meanwhile, the Unified Promotion Project remained on schedule to do just that.

The Declaration letter and its continued stream of supporters has been a drumbeat keeping the Unified Hardwood Promotion Project energized and on target to meet an ambitious timetable of consumer/buyer research, on-line focus groups, and ultimately a "Got Milk" style brand and tag line.

According to Terry Brennan (Baillie Lumber), chairman of the Unified Hardwood Promotion Project, "the broad support from so many companies and individuals in the industry has served as a constant reminder that the work we have undertaken is right on point. This process has required countless hours of many industry leaders and we are now in sight of accomplishing our goal."

So what is it about the work of designing a hardwood brand and catch phrase that required such time and effort? For one thing, the industry agreed from the outset to avoid past tendencies to "talk only to each other", and instead to reach out first through professional research and study to the consuming public and professional customers. That study led to a clearer vision of hardwood buyers and their priorities. Boiled down, the key messages which will drive the branding design:

From Building Professionals: Only genuine American hardwood offers homeowners the exclusive combination of uncompromising quality, enduring beauty and rich tradition.

&

From Consumers: Adding genuine American Hardwood will increase the value of my home and give me a greater sense of pride.

By year's end the Unified Hardwood Promotion Project will have those sentiments rolled into one picture and a few words – all befitting this **grade scale** effort.

For more information on the United Hardwood Promotion project, or to add your company name in support, please contact Grace Terpstra (gt@terpstraassociates.com).
By Grace Terpstra, United Hardwood Promotion
Source: *The Log*, December 2010/January 2011

FSC – ONLY FOR LEED WOOD CREDITS, USGBC SAYS

U.S. Green Building Council says members voted down a proposal for LEED wood credits to include multiple forest certification schemes. Currently LEED, a green building construction and interior building-out certification standard, only accepts Forest Stewardship Council's FSC-certified woods for Certified Wood credits.

"U.S. Green Building Council's recent member ballot on The Forest Certification Benchmark, which would have provided a guidance path for any wood certification program that wanted to be recognized in the LEED green building rating systemsdid not pass the USGBC member ballot" says Taryn Holowka, director of marketing and communications for the U.S. Green Building Council. "As a result the LEED rating systems will retain the status quo of the existing Certified Wood credits in LEED."

Holowka says the decision was reached by USGBC's membership using a consensus process, and that future discussion of this issue will now be carried out in a public comment process for the next development cycle of LEED.

USGBC has come under fire for only employing one wood certification program – FSC – for LEED points.

The Sustainable Forestry Initiative, another major wood certification program, has decried FSC's hold on the USGBC LEED program, Kathy Abusow, SFI president and CEO said, "It's time for the USGBC to heed the advice of more than 6,000 people globally, including 12 U.S. governors and 88 members of Congress, who are asking the USGBC to recognize all forest certification programs, especially those right here in our communities across North America."

USGBC and LEED, and its founders, were also named as defendants in a \$100 million class action lawsuit filed in October U.S. District Court in New York on charges of "fraudulently misleading the consumer," misrepresenting the energy

performances in LEED-certified buildings false advertising.

Source: *Woodworking Network*, December 2010

FUEL RODS

Fuel rods are one form of woody biomass that most loggers can produce without any additional equipment. The simple definition for this product is bolewood below the usable pulpwood diameter. This definition could be expanded to include bolewood that didn't meet pulpwood specifications for reasons other than diameter (i.e. rot, species, deadwood, etc.). In bushy trees with multiple tops or long straight branches there could potentially be fuel rods taken from other parts of the tree besides the main stem.

Fuel rods also can be different lengths, although eight feet seems to be the most common length. This is somewhat dependent on what happens to them once they get to the landing. Options include:

- Chip on the landing immediately. By processing into fuel rods in the woods, heavier forwarder loads can generally be taken out compared to trying to remove the entire tops which doesn't allow for as compact/heavy of a load.

- Store on the landing and sell to a contractor who will come in and chip it. If sold strictly by weight, the logger can lose out by losing moisture and actually having a higher BTU product. This system also can cause issues if the contract chipper comes in after the logger has moved out. The landowner might have an issue with another entry even though it would only be on the road and not in the woods itself.

- Truck to a concentration yard where it can be stored to lower the moisture content then chipped and trucked or railed to the end user.

- Truck to the end using plant where it can be stored and chipped when needed.

Although not the first thought when biomass is mentioned, fuel rods can provide more options utilizing what was previously logging residue while still leaving a significant volume of wood residue in the forest.

By Don Peterson

Source: *Great Lakes TPA*, September 2010

ITC ACTS TO EXTEND FURNITURE ANTIDUMPING DUTIES

Washington – The U.S. International Trade Commission (USITC) has extended its antidumping duty order on wooden bedroom furniture from China, ruling that

without it, the competitiveness of the U.S. furniture industry would be in jeopardy.

USITC members voted 6-0 to continue collecting the antidumping duties for another five years. In its press release announcing the decision, the USITC said "We determined that revoking the existing antidumping duty order on wooden bedroom furniture from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."

The USITC's action came under the five-year (sunset) review process required by the Uruguay Round Agreements Act. The commission's public report *Wooden Bedroom Furniture from China* will contain the views of the commission and information developed during its review.

The antidumping duties stem from a successful petition filed in 2003 by the American Furniture Manufacturers for Legal Trade. The petition, which initially precipitated a legal battle pitting U.S. manufacturers against Chinese wood bedroom furniture manufacturers, quickly escalated into a multi-fronted war that also encompassed heated opposition by a group of U.S. furniture retailers and Furniture Brands International.

Senator Charles Schumer (D-NY) recently urged the USITC to extend the antidumping duties. He said it would protect furniture companies like New York's own L. & J.G. Stickley and Harden Furniture, two of the members of the American Furniture Manufacturers for Legal Trade, from 'Chinese companies' predatory pricing practices from undercutting U.S. manufacturers of furniture."

Aminy Audi, president of Stickely, recently said, "The U.S. furniture manufacturing industry has been greatly damaged in recent years by unfair Chinese trade practices. Over 25% of the industry's jobs have been lost as a result of Chinese furniture dumping. Foremost of these unfair practices is the deliberate manipulation of Chinese currency by the Chinese government. The anti-dumping duties imposed by Commerce and the ITC gave recognition to these unfair trade practices and helped preserve jobs for Stickley and the industry."

Greg Harden, president and CEO of Harden Furniture, said, "The imposition of duties allowed Harden Furniture to make investments in our brand that would otherwise have been impossible. Continuing duties will provide all domestic producers with a level playing

field, preserving jobs and market opportunities for domestic producers. Despite a very challenging economy we remain committed to our business, customers and employees.”

Background. Two Views of the Antidumping Decision

Opponents of the controversial wood bedroom furniture antidumping case voice state their respective cases on the U.S. Department of Commerce’s preliminary decision (Posted July 2004.)

Source: *Woodworking Network*, November 2010

BPM PESHTIGO MILL TO RECEIVE \$340,000 FOR ENERGY-RELATED PROJECT

Wisconsin Governor Jim Doyle recently announced that BPM, Inc. will receive \$340,000 in funding for its specialty paper mill in Peshtigo, Wisconsin..

The funding comes from the State Energy Program (SEP), which is funded through the American Recovery and Reinvestment Act.

According to Governor Doyle’s office, the SEP funding will allow the company to purchase more energy-efficient equipment for the Peshtigo mill.

The \$490,000 project will also be eligible for a Wisconsin Focus on Energy award.

The former Badger Paper mill reportedly has the capacity to produce 32,000 tpy of recycled uncoated freesheet and 18,000 tpy of machine-glazed packaging grades.

Source: *PaperAge*, November, December 2010

PPE FOR CHAINSAW OPERATORS WHAT’S WHAT?

It’s been a while since we’ve talked about PPE, but it has to an integral part of our everyday workplace safety plan. Here is a review of some important facts about personal protective equipment (PPE) while operating a chainsaw.

By now, most of us have been informed of the requirement – and more importantly the necessity – of wearing proper personal protective equipment when we use our chainsaws. It gives us that last line of defense in preventing injury, or at the very least, reducing the severity of them. The most important items of PPE include a hard hat, hearing and eye protection, leg protection and foot protection. Other types of protection out there include cut resistant gloves,

and upper body protection provided by shirts and/or jackets that contain cut resistant materials.

But knowing what to wear is only half of the formula. Knowing when to replace it becomes equally important, because wearing defective or outdated equipment gives us a false sense of security – not to mention inadequate protection when we need it.

So here are some facts that need to be considered when analyzing the ppe we bring to the job every day.

1. Hard Hat – Most manufacturers recommend replacement of hard hats after five years after the date of manufacture. Other factors that reduce the life expectancy of helmets include exposure to ultraviolet rays, markings on them with magic markers, placing stickers on them that are not approved to be placed on plastic (that would include almost every sticker available), dropping them on hard surfaces, cleaning with harsh chemicals, or drilling holes in them for ventilation.

There is also a disclaimer that comes with each helmet that should be read to be sure all information available is covered.

2. Hearing Protection – Ear muffs need to be maintained by removing the protective liners inside the muff and cleaning it occasionally. Also, the seal around the outside usually gets damaged in cold weather, so they should be replaced when damaged. Ear plugs also need to be replaced on a regular basis. Sponge type plus should be replaced daily.

3. Eye Protection – Be sure that eye protection is in tact, not broken, visibility is good, and is adequate for your particular needs.

4. Leg Protection – Leg protection needs to meet certain criteria in order to provide adequate protection. It is required that the equivalent of 4 layers of protection be provided, and 6 layers of protection is recommended. Those layers must stay in tact to provide maximum protection, so any time the inside layers of the protection are cut, the chaps or pants must be replaced. Patching them is not an option. They must also fit properly, so the protective layers must extend from the top of the thigh to the top of the work boot. We recommend they extend slightly over the top of the work boot for maximum protection. And they must be kept clean – so wash them according to the manufacturers recommendations, which are usually attached to the garment.

5. Foot Protection – Work boots with protection material and steel toes are recommended to protect our feet from chain saw cuts, and heavy objects pinching our toes. How many times has it happened that logs roll after they’ve been cut and our feet somehow get in their way?

None of us want to get injured while on the job, and there are generally two ways to reduce that possibility – good technique, and good PPE. Getting training, and purchasing and maintaining good ppe will certainly keep us safer!!

By Lee Schauman, Source: *Great Lakes TPL*, November 2010

EUROPE: STRUGGLE FOR SURVIVAL There is no sign of any relief for the European pulp and paper industry as a combination of falling demand, low cost competition, over-capacity and e-media migration delivers hammer blows. The industry is almost on the ropes.

It’s encouraging to see some North American producers posting decent profits for the third quarter of this year. It is still modest stuff compared to what we counted 10 years ago. But here, in Europe, there’s no good news.

The Euro region is suffering badly from the recession: jobs have gone, house-building has stopped, consumers now only spend on budget brands, industrial activity has declined, and advertising is weak. Against this background the industry is struggling for survival.

Finland in Trouble

All of us remember Finland as a powerhouse of pulp and paper manufacture. Now, that country’s industry has lost nearly 4,000 jobs in six years, and more will go. Stora Enso has shut the pulp mill in Kotka and a PM in Varkaus; Myllykoski may close the Kouvola paper mill and Sunila may close its pulp mill, also in Kotka. Some of Myllykoski’s operations in Finland, Germany and the USA may be bought by UPM. The tragedy is that these jobs have gone in regions where the pulp and paper mill is the only employer.

In Finland, the killer blows were landed by increased export tariffs on Russian softwood, the cheap dollar and the expensive euro, falling demand in Europe, savage price cutting by competitors, cheap fiber supplies from the southern hemisphere, and competition for raw material from the bio-energy sector.

Finland now only has one newsprint manufacturer – once upon a time there were eight. This year the newsprint market in Europe has dropped by 15%. (Many observers are puzzled why the UK is building new newsprint mills and still importing newsprint. Either the mills know something we don't or they may have got their sums horribly wrong!).

Yet there is still a need for more consolidation and reduction in capacity. Many mills are now being closed permanently, not mothballed. Even so, Joukko Karvinen, Stora Enso's CEO, has asked why new capacity is still being planned for Europe (in Portugal and Switzerland) when the market isn't there. Anyway, he's looking elsewhere.

Expansion – East and South

South Africa's Mondi is expanding its operations at the Komi mill, Russia. Stora Enso is mulling over a pulp and fine paper mill in Nizhny Novgorod. European Russia has a timber surplus, much of which is inaccessible. However, the country badly needs increased production in all grades as living standards rise.

Portugal's Portucel is finding it difficult to expand its domestic operations as a eucalyptus pulp producer. Costs, land permits, and competition from the tourist industry for land and holiday homes has forced it to look for fiber supply in its former African colonies of Angola, Mozambique and the island of Madagascar (formerly French-owned). I have no idea where this pulp will go, and it is possible that Portucel may build new pulp mills in southern Africa. But I doubt whether it can afford to do so. Suzano of Brazil, Latin America's number four pulp and paper producer, is also looking at Mozambique.

Stora Enso, Europe's catalyst, continues to look south to Uruguay and Brazil. It is negotiating with its Brazilian partner, Fibria, on expanding its pulp mill there. Industry analysts predict that there is still a market demand for two or three more pulp mills to be built in Brazil.

Bright Spots

In Europe's gloom, however, there are some bright spots, mainly in the tissue sector. Just over 9 million tons/yr. of tissue is produced by about 20 manufacturers. The grades are going well but the industry is still fragmented. Consolidation is taking place mainly by Italian and German producers buying smaller competitors. The three largest European players represent 38% of total capacity: SCA, Sofidel and WEPA. But about 60% of remaining capacity is in the hands of small, local players – a long tail. The dark horse is Turkey, which is steadily adding new capacity.

What is of increasing significance in tissue is the growing interest in it by non-industry investors. They have seen how tissue consistently outperforms every other grade. This new money has the potential to fund two or three large paper machines annually in Western Europe and one or two in Eastern Europe. These new investors, typically, have strong links with retailers who fit neatly with tissue makers. It's not unusual for a retailer to integrate backwards with a jumbo roll producer, and even a tissue mill.

And of course there's China. Every sector is influenced by its buying surges, especially pulp. Most pulp exports to China are from North and Latin America, but some European pulp mills have restarted idled capacity which has allowed them to survive a bit longer.

By David Price, a contributing writer for PaperAge. He can be reached by e-mail at DPrice1439@aol.com. Source: *PaperAge*, November/December 2010

HIGH TIMES IN THE WOODS? Forest professionals aren't sure whether to inhale all the hype

Ten years ago, a logger in Potlatch, Idaho, stumbled onto a web of PVC pipe in the woods around Dworshak Reservoir. It was part of an intricate irrigation system, with plenty of pot growing amidst the timber.

Although the location was one of the most remote landscapes in north

central Idaho, a ready supply of water and easy boat access made the place just about perfect for the illegal "grow" (the slang term for a pot plantation). It could have stayed hidden from the eyes of the law forever, except that by necessity, loggers sometimes operate in the same area.

Small Time Operations

"Every logger or forester has a story, but most find nothing large scale," says Josh Anderson, a forester for Vaagen Brothers Lumber in Colville, Washington. "All of us encounter some sort of hostility in the woods at some point, and we see evidence of grows from time to time. But mostly it's weird hippies, and they confront you with a shotgun and a ugly dog."

Several Northwest loggers confirm Anderson's take that the sporadic pot gardens are generally mom and pop operations, but the press has shined a light on another trend lately.

According to a front-page article in the November 5, 2009 Wall Street Journal, more grows are turning up on national forests or Indian reservations and some of the operations are likely run by powerful Mexican drug cartels. With border clampdowns, the drug traffickers are taking their products closer to the consumers, and the U.S. earns the distinction of being the world's number one drug customer.

Law enforcement officials further suspect that illegal aliens might get talked into working for the criminals just to increase their earnings while staying in the states. Frequently resembling Native Americans in features, they can more easily blend in with reservation populations. Such hunches were reinforced during a major pot bust at the Warm Springs reservation in central Oregon last summer. The big bust rounded up millions of dollars worth of pot, along with a few of the growers.

Interestingly enough, loggers working in forests near the Warm Springs reservation haven't run into anything similar. Diane Eimers, a bookkeeper for Iron Triangle Logging

in John Day, says the company loggers haven't seen anything noteworthy, nor has the community. "They probably stay aloof and don't come to town," she says of the illegal growers.

More Hype than Truth?

So are all the recent headlines merely hype to sell more newspapers? Some loggers reserve judgment, although most say they have been trained to look for sign of meth production or pot cultivation in the woods.

Chuck Wilson reminds loggers to document the time and place, leave the area immediately, and report activities to the county sheriff if they encounter anything questionable. Myron Emerson, a forester at Bennett Lumber in Princeton, Idaho, says the Forest Service conducts relevant training workshops from time to time, most often focusing on meth and B.C. bud, a high quality pot traveling across the border from Canada. But he wonders if the workshops are really warranted or just another government program.

Stay Alert

Big operations do exist. In his 18 years in Forest Service law enforcement, Wilson spent five summers in Kentucky, cleaning out huge marijuana operations in cooperation with local and federal officials.

He likens the "grows" there to early day moonshining, with mostly locals involved. "A lot of these areas had 14 percent unemployment, and people were growing the stuff just to earn money," Wilson says, noting that sometimes the National Guard and helicopters joined the busts.

For illegal drug cultivation, the perfect grow location is remote, mountainous, off the beaten path, and close to a water source. As news of possible drug activities spreads, the public – and forest professionals – are cautioned to be wary as they work or recreate in the backcountry,

Some big-time growers carry sophisticated weapons and set up booby traps, monitoring valuable cash

crops with sensors and surveillance cameras. Loggers and foresters, however, report few actual encounters with such deep level crime, perhaps because logging and recreation areas are generally closer to roads. Drug enforcement agencies report that serious grows often require two to four-hour hikes into dense forests.

Negative Side Effects

It's not just the criminal element that's worrisome. Law enforcement people say the multi-million dollar drug operations also endanger the forest itself. Grow tenders can be careless with their litter and filth, occasionally letting campfires get out of control. Investigators suspect that an unattended cooking fire led to the huge wildfire that swept through the Los Padres National Forest near Santa Barbara last summer.

As to what happens to the pot that's confiscated, John Anderson describes what usually happens in Colville, "Every year it seems that law enforcement goes out to the woods and does a big bust of some kind. Then they bring it into the mill, and we burn it in our burner,"

Does that mean the town inhales? "No," he laughs. "But everyone seems to be at peace for a couple of days after they burn the stuff."

By Barbara Coyner

Source: *TimberWest*,
September/October 2010

NEW PAGE TO SHUT WHITING, WISCONSIN PAPER MILL

Miamisburg, Ohio December 8, 2010 (PRNewswire) – New Page Corporation today announced that it will close its Whiting (Stevens Point), Wisconsin mill at the end of February 2011. The mill currently operates two paper machines, which produce approximately 250,000 tons annually of lightweight coated paper (LWC) used by the publishing and printing industry, with a primary focus on mail-order catalog, magazine and retailer end users. In the statement announcing the move, the company said the mill has the highest cost-per-ton of all its coated groundwood

operations. The mill has 360 employees. This will be the third mill the company has closed in Wisconsin in under three years, after the permanent shut of its Kimberly (75,000 tons/year of wood) and Niagara (270,000 tons/year) mills in 2008.

DRUG RECALLS CONTINUE TO RAISE PALLET CONTAMINATION QUESTIONS **Offshore Production Remains Real Culprit**

Ever since recalls earlier in the year of tainted Tylenol bottles, the pallet industry has been fending off questions about the potential for pallets sourced for Puerto Rico to be the source of the problem. This has raised concern among some pallet shippers even though the chemical that is the source of the problem is not authorized for use in the United States and should not be a problem for domestically produced pallets.

Over the last few months, drug recalls by McNeil Consumer Healthcare, Depomed Inc., and Pfizer have all involved the presence of 2, 4, 6 tribromoanisole (TBA), which results from the breakdown of another chemical called tribromophenol (TBP).

In the most recent action, Pfizer recalled 191,000 bottles of Lipitor for possible TVA contamination. In public statements, Pfizer has yet to place the blame solely on pallets. Although pallets may be the source because TBP is used to treat wooden packaging in some foreign locations, particularly the Caribbean and South America, the chemical also occurs in other products. Pfizer admitted "detecting TBP/TBA in the air, insulation, and paint, as well as in packaging materials (cartons, shrink wrapping and plastic bags), and in wooden pallets from a supplier that had stipulated the wood was not TBP-treated."

TBS has been found to produce an odor that can make people nauseous or mildly ill when exposed to it. The chemical does not cause any major

illness or sickness. But drug manufacturers are keenly aware of any potential contaminant that can impact consumers.

Overstating the Impact

Some of the news coverage has been on point. Other news reports have been way off base. For example, a blog post on CBS' BNET titled, "How the Humble Wooden Pallet Paralyzed Big Pharma and Now Faces Extinction." This blog post greatly oversimplified the issue and drew conclusions that are not warranted by the facts.

Jim Edwards, the journalist who blogged on the topic, pointed to the decision by Pfizer to use plastic pallets to solve its contamination concern as a potential indicator of a broad move away from wooden pallets. He wrote, "Pfizer has promised to switch from wooden pallets to molded plastic ones to solve the contamination problem, setting up a potentially interesting global paradigm shift in the shipping world. Could the wooden pallet, the workhorse of the 20th Century, go the way of the buggy whip and the steam engine?"

The problem with this is that Pfizer only stated that it was going to switch to plastic pallets for transporting empty bottles. Additionally, Pfizer commented that it was going to begin relocating "bottle production from Puerto Rico to alternate third-party plants." It is quite interesting that all the problems involving 2, 4, 6 tribromoanisole (TBA) took place in Puerto Rico not in domestic facilities. TBA is not authorized for use in the United States or in many other countries.

Pfizer has not made a wholesale switch away from wooden pallets according to its public statements. Pfizer is taking targeted action to counter specific problems with its foreign facilities and suppliers. Once again, this is as much an issue with foreign sourcing and lack of oversight as it has to do with pallets.

Edwards further stated, "The shipping business is slowly transferring to plastic for

environmental reasons and because plastic pallets are stronger. Business may save money by going plastic. Pfizer is actually behind the curve in this innovation."

The fact is that except for the rapid rise of Intelligent Global Pooling Systems (iGPS) over the last few years, the number of plastic pallets used in the country remains fairly constant. Plastic pallets are ideal for closed loop environments. But many shippers still don't have enough control over their supply chains to justify the higher cost of plastic. This is especially true when discussing global sourcing and sending pallets from foreign plants.

In a recent survey by *Modern Materials Handling* magazine, sustainability and environmental concerns were far from a top driver in regards to pallet and packing decisions.

Some companies may choose to ship on plastic pallets in some scenarios. But this is not likely to be a global solution that is embraced by lots of companies or industries because the costs are too high, especially if you are not going to get the pallet back.

Plastic Pallet Response to Contamination Concerns

Looking to capitalize on recent drug recall concerns, -- "iGPS bios" -- launched a premium service targeted toward the pharmaceutical and life sciences industries.

The new service -- iGPS bios -- follows a year of research into the unique needs of these critical industries, and provides a level of pallet hygiene and security that cannot be achieved with pallets made of wood or other organic materials, according to iGPS.

The iGPS bios program consists of several elements. First iGPS pallets are certified by NSF International Food Equipment Certification. To receive this NSF certification, food-related equipment is required to be designed to prevent the harborage of pests and the accumulation of dirt and debris, as well as to permit easy

inspection, maintenance, servicing and cleaning. NSF's Food Equipment Certification Program includes rigorous testing, certification and production facility audits to verify compliance with these certification requirements. Annual audits of the production facility are also part of the certification process.

Pallets in the iGPS bios program are inspected to ensure quality. Then each pallet is individually washed and sanitized at an iGPS facility. The pallets are immediately enclosed in protective wrapping to maintain the hygienic condition.

Bob Moore, iGPS Chairman and CEO called iGPS bios, a "quantum leap beyond other platforms available today ... This level of hygiene and platform quality is impossible with pallets made of wood."

iGPS stated that wrapping will prevent bacteria, pathogens, and chemical contaminants, whether airborne or on supply chain surfaces, from contaminating bios pallets. Specifically iGPS claims that its bios program ensures that pallets delivered to customers are free of paint and toxic pesticides and fungicides, like TBA.

Moore said, "Each iGPS pallet has four RFID tags embedded in its frame, which enables tracking and tracing throughout the supply chain."

This tracing technology can be used to identify problem loads thereby reducing the scope of a potential recall. Of course, this only works well if RFID scanning is done across a specific supply chain or iGPS employs its Spider AT tags for a customer where a recall occurs. The Spider AT is a battery-powered GSM/GPRS/GPS wireless tag that can transmit critical information about iGPS pallets, including iGPS-defined alerts, specific events and highly-accurate pallet location.

While it is certainly newsworthy that iGPS is tackling the sanitation issue with an innovative program, the service offering may not address the real world challenges that led to recent drug recalls. For starters, wooden

pallets have not been proven to be the cause of the contamination linked to TBS. Most importantly, these pallets were not produced in North America, and the drug shipments were all traced back to plants in Puerto Rico where iGPS does not currently offer service. Additionally, TBS-free pallets can be obtained by sourcing new wood pallets manufacturing in this country.

iGPS is offering a service that may be important for some drug companies. However, a similar result may be able to be achieved by wooden pallet companies for less cost because all the steps outlined by iGPS may not be necessary.

Contrary to what iGPS suggested, wooden pallets can be cleaned and wrapped if necessary. iGPS has gone to extensive lengths to make the sanitation issue a core advantage. But even in this area, plastic has similar requirements to wood because of the risk of contamination exists for pallets moving through the supply chain regardless of the material used in the pallet.

The only way to ensure that pooled recycled pallets are 100% sanitary and clean from debris is to inspect, wash and wrap them. But this may do little beyond add significant cost and hassle to the supply chain.

Except for the TBA incidents that have appeared in the news over the last year, it is clear that pallets are not a significant source of contamination. And even in those incidents, the jury is still out.

Shippers must remember that pallets are not intended for direct food or drug contact. Pallets should be sourced from reputable suppliers that back up what they provide. Pallets produced in trouble spots, such as Puerto Rico, need extra scrutiny.

Wooden Pallet Industry Response

The wooden pallet industry should consider developing its own system to offer a premium sanitized pallet. But it can probably do so for less money and hassle than what iGPS has proposed.

Additionally, wooden pallet suppliers need to be aware of the

recent drug recall issues and be ready to discuss any possible concerns with customers. Otherwise, a problem that isn't really a problem could become a worry for shippers. Pallet companies should take steps to assure customers that the products they supply are safe.

The pallet industry should also be ready to answer reports in the media that may cast widespread dispersions, such as the recent blog post mentioning the extinction of the wooden pallet.

By Chaille Brindley, Source: *Pallet Enterprise*, December 2010

NEW-HOME SALES RISE 5.5% IN NOVEMBER

Washington – Sales of newly built, single-family homes increased 5.5 percent to a seasonally adjusted annual rate of 290,000 units in November, according to newly released figures from the U.S. Commerce Department. The gain represents a partial bounce-back from a near-record low, downwardly revised number of new-home sales in October.

“While builders continue to face a great deal of competition from short-sale and foreclosure properties, the improvement registered in new-home sales in November is a good sign,” said Bob Jones, chairman of the National Association of Home Builders (NAHB) and a home builder from Bloomfield Hills, Michigan. “With consumer interest in new homes expected to continue to revive as the economy and job markets improve, and inventories of new homes for sale near record lows, our concern now is that a lack of construction financing will keep builders from being able to expand the selection of what they have to offer buyers heading into the spring.”

“Builders in our latest surveys have indicated that they are starting to see more buyers who are seriously considering a new-home purchase, and today's numbers showing that sales headed in the right direction in November bode well for what the future may hold,” agreed NAHB Chief Economist David Crowe. “The

extremely low inventory of new homes on the market is also a positive sign that builders have been exercising tremendous caution with regard to new construction activity. That said, unless builders' access to financing for new development improves, many will not have a product to sell when the opportunity arises, which in turn would slow a market recovery as well as potential job generation from new home building.”

The improvement in new-home sales was driven by gains in two regions in November. The South, which is the nation's largest housing market, posted a 5.8 percent gain, while the West showed a 37.3 percent rebound from the previous month. Meanwhile, declines of 26.7 percent and 13.2 percent were registered in the Northeast and Midwest, respectively.

The inventory of new homes for sale fell to 197,000 units in November, marking the first time in 42 years that this measure has fallen below the 200,000 level. This amounts to an 8.2-month supply at the current sales pace.

ABOUT NAHB. The National Association of Home Builders is a Washington-based trade association representing more than 175,000 members involved in home building, remodeling, multifamily construction, property management, subcontracting, design, housing finance, building product manufacturing and other aspects of residential and light commercial construction. NAHB is affiliated with 800 state and local home builders associations around the country. NAHB's builder members will construct about 80 percent of the new housing units projected for 2010. Source: *National Association of Home Builders*, December 2010

FOR SALE

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Equipment

4 piece new simonds trademark gold bandsaw blades 19 ft. 5" long x 4 1/2"

wide x 18 ga. x 1-34 T.S. left hand; 3 piece used 26 ft. 1-1/2" long x 7" wide x 17 ga. x 1-1/2 T.S. single cut bandsaw blades; 1-FAS trac bandsaw blade sharpener – slightly used model #307 left hand – sharpens 2-1/2" to 7" wide blades. Contact Harry R. Schell Sawmill Sales & Supplies, Inc., 601 West Park Street, Blue River, Wisconsin 53518 Call 1-800-462-5807..

Wood shaving mill – produce poultry bedding litter with a Jackson Wood Shaving Mill. We do complete plant layouts. Utilize low-grade logs and slabs to manufacture shavings. Contact: Jackson Lumber Harvester Company, Inc., 830 North State Road 37, Mondovi, Wisconsin 54755;

Phone (715) 926-3816, FAX (715) 926-4545 Web: www.jacksonlbrharvester.com

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Veneer logs – hard maple, red maple, black and white ash, white and yellow birch, red oak, white oak, basswood, butternut and walnut. Contact Ted Fischer, Ike International Corporation, 500 Maple Street, Stanley, Wisconsin 54768; Phone (715) 644-5777; Cell (715) 577-7975; FAX (715) 644-5786; E-mail ted.fischer@ikeinternational.com

Employment

Wieland & Sons Lumber Company is currently taking applications for a saw filer in our Winthrop, Iowa plant. Send resume to Wieland & Sons Lumber Company, 1429 Highway 133W, Muscoda, Wisconsin 53573, (319) 935-3936.

If you want to list items, fill in the form below:

FOR SALE	WANTED TO BUY	SERVICES	EMPLOYMENT
FOREST PRODUCTS <input type="checkbox"/>	FOREST PRODUCTS <input type="checkbox"/>	FOR SALE <input type="checkbox"/>	AVAILABLE <input type="checkbox"/>
EQUIPMENT <input type="checkbox"/>	EQUIPMENT <input type="checkbox"/>	WANTED <input type="checkbox"/>	MAILING LIST <input type="checkbox"/>

NAME ----- DATE -----
 ADDRESS-----COUNTY -----
 CITY ----- ZIP CODE -----PHONE AC (-----) -----

WISCONSIN LOCAL-USE DIMENSION LUMBER GRADING

A procedure is in place under which Wisconsin sawmills are able to produce dimension lumber that may be sold without a grade-stamp issued under the authority of a lumber grading bureau, and that lumber may be used in residential construction when directly sold to the person who will inhabit the dwelling (or to a person acting on his or her behalf) and for whom a building permit has been issued. To do this someone from the mill must attend one of the **Wisconsin Local-Use Dimension Lumber Grading Short-Courses** that are offered for Wisconsin sawmill operators. These one day special short-course training sessions are offered several times a year, at no charge, and are advertised in the WI-DNR's Wisconsin Woods Marketing Bulletin. **Successful completion of this course and successfully passing an associated test is required for anyone that wishes to produce and sell local-use dimension lumber in Wisconsin that will be used in residential construction. This means someone in your company needs to attend the course if you wish to produce Wisconsin Local-Use Dimension Lumber. (Note: Local-use dimension lumber is lumber that is not grade-stamped under the authority of a grading association.)**

If you wish to produce and directly sell Wisconsin Local-Use Dimension Lumber that may be used in residential construction, you will need to get someone from your mill to a course so they be certified (as a representative of your mill). Also if you do custom sawing for anyone who wishes to use the lumber in their dwelling (such as if you have a portable mill and are custom sawing logs for forest landowners who want to use that lumber in building their home), this would apply to you and you also should get the training and get certified.

The next one-day Wisconsin Local-Use Dimension Lumber Grading Short-Course that you can register for will be offered on April 12, 2011 at the University of Wisconsin-Stevens Point Wood Lab in Stevens Point WI. The short-course is one day in length, beginning at 9:00 AM and ending at around 4:30 PM (at the latest).

There will be no fee for attending - HOWEVER - pre-registration is required – there will be NO WALK-IN REGISTRATION - (space is limited to 20 persons maximum for each course to allow for more interactive discussion). Pre-registration for the course must be received before for September 1st for the September class and by May 1st for the April class to permit time to confirm registrations, and for mailing all students a grading manual for advance study, and travel directions and other materials.

To register for any of the short-course, you may email, FAX or phone in your registration. Your registration will be confirmed (also by email, FAX, mail or phone) OR you will be informed the course is full.

TO REGISTER:

Email the following information to: RGOVETT@UWSP.EDU (email registration is preferred if possible)

Provide the following information when registering:

- 1) The full name (or names) of the person (or persons) being registered
- 2) The company name (if different from the person's name)
- 3) A complete mailing address (including zip code)
- 4) Phone number (with area code)

OR if you do not use email you can FAX to: Bob Govett 715-346-4821

OR you can simply phone Bob Govett (715-346-4212) – if you phone in your registration – please be sure to spell out the name and address



Department of Natural Resources
Forest Products Specialist
3911 Fish Hatchery Road, Route 4
Madison, WI 53711

ADDRESS SERVICE REQUESTED

The Wisconsin Department of Natural Resources reserves the right to edit all items included and accepts no responsibility for the accuracy of description or for the commercial integrity of the persons or firms making offers in this Bulletin.

If you wish to use the facilities of the Bulletin, forward a letter, post card or form on page 11 with detailed description of your "wanted" or "for sale" items. All forest products (stumpage, logs, pulpwood, posts, poles, trees and lumber, etc.) and services (custom sawing, custom kiln drying and tree planting, etc.) may be listed. Please be sure your full name, address (including zip code), telephone number accompany your listing, there is no cost for listing any items. If you want items repeated in the next issue, send in a written request. If you have comments about the Bulletin or have suggestions on its content, write to: Forest Products Specialist, 3911 Fish Hatchery Road, Fitchburg, WI 53711, phone (608) 231-9333 FAX (608) 275-3338.

DEADLINE FOR ITEMS TO BE LISTED IS THE 20TH OF: MARCH, JUNE, SEPTEMBER and DECEMBER.



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